

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE.

The meeting was called to order by Chairperson Les Donovan at 8:30 a.m. on March 7, 2001 in Room 245-N of the Capitol.

All members were present except: Senator Pugh

Committee staff present: Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee: Jeff Bottenberg, Western Surety
Don McNeely, Ks. Auto Dealers Assn.
Jack Adolph, Ks. Independent Auto Dealers Assn.
Sheila Walker, DMV, KDOR
Dan Carlson, Ks. Independent Auto Dealers Assn.

Others attending: See attached list.

HB 2114: Concerning Vehicle Dealers & Manufacturers Licensing Act; Re vehicle bonds

Mr. Bottenberg provided background information on the bill, explaining the intent of the bond requirement was to help cover expenses incurred by consumers that had been harmed by fraudulent dealer transactions. He requested an amendment to exclude finance companies to clarify that proceeds of the bond should go to consumers and not financing companies. He also requested an amendment to add "or seller" after the word buyer in three places in the bill. He stated it was just an oversight that these changes were omitted from the original bill ([Attachment 1](#)).

Don McNeely, President, Kansas Automobile Dealers Association concurred with the requested amendment. He emphasized the importance of assurance of compliance with various licensing laws for both dealers and manufacturers in the State. His Association is also supportive of increasing the amount of the surety bond ([Attachment 2](#)).

Jack Adolph, Executive Director, Kansas Independent Auto Dealers Association, testified in support of the requested amendment to add "seller." However, his Association strongly opposes increasing the amount of bonds as proposed in **HB 2114** ([Attachment 3](#)).

Sheila Walker, Director, Department Motor Vehicles, Kansas Department of Revenue advised the Department supports the two proposed amendments. They researched regarding bond requirements and found that Kansas requirements are among the lowest. Michigan is the only state with a lower requirement. She also provided figures related to dealer costs related to increasing the bond. Ms. Walker requested that the committee consider making the effective date January 1, 2002 ([Attachment 4](#)). Information was provided that increasing the bond to \$30,000 would not excessively increase the cost of such bond.

Dan Carlson, President, Carlson Auction Service, Inc. requested passage of a balloon amendment to include the word "seller" as an eligible party because present bill language overlooks several vehicle sales transaction that take place on a daily basis ([Attachment 5](#)).

Discussed implications of the first two proposed amendments as well as the amendment to change the effective date for **HB 2114**. Senator Gooch moved a conceptual amendment incorporating the three changes. Senator Schodorf seconded the motion. Motion carried. Technical amendment is needed to further clean up the bill. Senator Harrington moved to strike Section 1. of the bill. Senator Jackson seconded the motion. Motion carried. Senator Gooch moved to recommend **HB 2114** as amended favorable for passage. Senator Jackson seconded the motion. Motion carried.

Approval of minutes

Senator Salmans moved to approve minutes of the March 1, 2001 meeting. Senator Goodwin seconded the motion. Motion carried.

Meeting adjourned at 9:15 a.m. The next meeting is scheduled for Thursday, March 7, 2001.